

 <p style="text-align: center;"><b>STATE OF ALASKA</b> <b>DEPARTMENT OF TRANSPORTATION</b> <b>AND PUBLIC FACILITIES</b></p> <p style="text-align: center;"><b>Policy and Procedure</b></p>	<b>POLICY AND PROCEDURE</b> NUMBER <b>06.01.020</b>	<b>PAGE</b>  1 of 8
	<b>EFFECTIVE DATE</b> November 6, 2001	
<b>SUBJECT</b> <b>Petty Cash Fund</b>	<b>SUPERSEDES</b> FMOM 04.15.010	<b>DATED</b> May 15, 1993
<b>CHAPTER</b> <b>Finance</b>	<b>SECTION</b> <b>Expenditures</b>	<b>APPROVED BY</b>  <b>Signature on File</b>

## PURPOSE

To establish guidelines for proper handling of petty cash related activity.

## POLICY

Requests for new petty cash funds or increases to existing cash funds begin with the section chief and require approval by the division Director. All records having to do with opening, increasing, decreasing, or closing a petty cash fund must be sent to the Operating Finance Section. This is necessary because the Operating Finance section maintains a complete record of each petty cash fund.

## PROCEDURE

### Establishing a Petty Cash Fund

1. The Section Chief will prepare a request memo and route it through the appropriate Division Director to the Department Finance Officer. The request must contain the following information:
  - a. Purpose of the fund.
  - b. Amount of the fund.
  - c. Estimated dollar amount of monthly activity.
  - d. Name and social security number of the fund custodian.
  - e. Custodian's vendor address.
2. The Finance Officer will review the request and forward it to the Operating Finance Section within Stwd Administrative Services Division.
3. The Operation Finance Section will perform the following:

- a. Establish a ledger code for the custodian using the custodian's name as the long and short description. The ledger code must be in format 50925XXX. The last three digits are assigned in sequence.
- b. Establish a vendor code for the custodian. The three (3) letters of the vendor code must be "PCF" (Petty Cash Fund), the first two (2) numbers of the vendor code must be 25 (DOT/PF), and the third number must be 0 (Southeast Region), 1 (Central Region), or 2 (Northern Region).
- c. Process a "Return Warrant Transaction" (310) in AKSAS using the following data:
  1. Minor Code - 54
  2. Collocation Code - 50010080
  3. Account Code - 10080
  4. Ledger Code - 50925XXX (assigned to the custodian)
- d. Forward the request to Division of Finance, Department of Administration with a copy of the warrant transaction. If approved, they will authorize the warrant transaction in AKSAS.
- e. Upon receipt of the petty cash warrant, the Operating Finance Section will forward the warrant to the local Fiscal Office Supervisor. The Fiscal Office supervisor will obtain the custodian's signature on the Custodian Liability Agreement, (Attachment C), and give the warrant to the custodian. A copy of the signed Petty Cash Custodian Agreement must be forwarded to the Operating Finance Section.

## B. Controlling the Fund

### 1. Storing the Petty Cash Fund

Petty cash funds must be stored in a secure area such as a locked safe, vault, locked cabinet, or locked box within a locked desk, etc. Funds of \$200 or more must be kept in a safe or vault.

### 2. Recording Fund Withdrawals

- a. Each petty cash withdrawal must be recorded on the petty cash envelope (State Form 02-094), on an Excel spreadsheet, or on the petty cash authorization form, (Attachment A).
- b. Each petty cash withdrawal must be supported by a paid invoice or receipt.

### 3. Replenishing the Fund

- a. At least twice a month a request for reimbursement must be sent to the local fiscal office. A signed petty cash envelope, State Form 02-094, containing paid invoices/receipts supporting the amount of the request must be attached.

- b. Each paid invoice/receipt must contain the financial coding to charge for the expenditure. The Fiscal Office will review the invoices and prepare warrant transactions charging the coding (310-10). The warrants can be sent directly to the custodian's vendor address.

#### 4. Shortages in the Fund

As soon as a shortage in the fund is discovered, contact the Department Finance Officer by E-Mail or phone. Each case will be handled individually.

### C. Changing the Fund Custodian

1. A written request approved by the Division Chief must be submitted to the Operating Finance Section. The request must include the name and social security number of the new custodian. A copy of the Audit/Accountability Report must be attached.
2. An audit of the petty cash fund must be conducted and the Audit/Accountability Report (Attachment B) completed. The report must be signed by the out going custodian and the incoming custodian. A person other than the out going custodian must conduct the audit.
3. Upon receipt of the request, the Operating Finance Section will correct or change the description of the ledger code and the description of the vendor code to reflect the new custodian's name.
4. If the custodian of a petty cash fund is terminated and no new custodian is assigned immediately, complete the procedures in section D.

### D. Canceling a Petty Cash Fund

1. It is the Division's responsibility to return the balance to the local Fiscal Office Supervisor when a petty cash fund is cancelled or is without a custodian. Any receipts/invoices that are not reimbursed must also be given to the Fiscal Office Supervisor.
2. The Fiscal Office Supervisor will prepare the following:
  - a. An Audit/Accountability Report.
  - b. Deposit the funds to credit the State's "imprest cash" account and prepare an agency receipt transaction to the financial coding used to establish the petty cash fund.
  - c. Prepare agency journal entry(s) to charge the non-reimbursed expenses to the appropriate codes as indicated on the invoices.
3. Forward a copy of the Audit/Accountability Report and the agency receipt transaction to the Operating Finance Section.

**E. Petty Cash Account Decrease**

1. A petty cash fund may be decreased in two ways:
  - a. By returning cash to the state's "imprest cash" account.
  - b. By applying expenditures against the balance of the fund.
2. If returning money, deposit the cash and prepare an agency receipt transaction using the financial coding which was used to establish the petty cash fund.
3. If applying expenditures against the balance to decrease the fund, prepare an agency journal entry to charge the expenditures to the correct coding, credit the fund balance using the same coding used to establish the fund.
4. Copies of the agency receipt transaction or the agency journal entry must be forwarded to the Operating Finance Section.

**F. Increasing a Petty Cash Fund**

Division of Finance must approve increases to a petty cash fund. Requests for increases in fund size must follow the same procedures described in section A.

**AUTHORITY**

AS 37.05.165  
AAM 50.210  
AAM 35.150

**IMPLEMENTATION RESPONSIBILITY**

All Regional, Headquarters and System Directors, Section Chiefs, Department Finance Officer, Fiscal Office Supervisor, All Petty Cash Custodians

**DISTRIBUTION:**

All holders of DOT/PF Policy and Procedure Manuals

Attachment A

PETTY CASH AUTHORIZATION

DATE: \_\_\_\_\_

CODING TO BE CHARGED:

\_\_\_\_\_  
Collocation Code/Program Code/Ledger Code/Account Code

AMOUNT DRAWN: \_\_\_\_\_

RECEIPTED AMOUNT: \_\_\_\_\_

DESCRIPTION OF PURCHASE: \_\_\_\_\_

\_\_\_\_\_  
RECEIVED BY: \_\_\_\_\_

APPROVED BY: \_\_\_\_\_

APPROVED BY: \_\_\_\_\_

Attachment B

DEPARTMENT OF TRANSPORTATION & PUBLIC FACILITIES  
 PETTY CASH FUND  
 AUDIT/ACCOUNTABILITY REPORT

Date of Petty Cash Count \_\_\_\_\_

<u>DENOMINATION</u>	<u>NUMBER</u>	<u>AMOUNT</u>
PENNIES	_____	_____
NICKELS	_____	_____
DIMES	_____	_____
QUARTERS	_____	_____
DOLLAR BILLS	_____	_____
FIVE DOLLAR BILLS	_____	_____
TEN DOLLAR BILLS	_____	_____
TWENTY DOLLAR BILLS	_____	_____
FIFTY DOLLAR BILLS	_____	_____
OTHER	_____	=====
SUBTOTAL OF CURRENCY		_____
EXPENDITURE RECEIPTS _____ THROUGH _____		=====
TOTAL CASH AND RECEIPTS		_____
FUND ACCOUNTABILITY		=====
OVER/UNDER ACCOUNTABILITY		=====

\_\_\_\_\_  
 Signature of Current Custodian/Date

\_\_\_\_\_  
 I certify the cash and receipts, as of \_\_\_\_\_, has been counted and verified to be correct.

\_\_\_\_\_  
 Signature of Verifier (Other than Custodian)/Date

\_\_\_\_\_  
 I have verified the above count, and accept the fund responsibility as the custodian.

\_\_\_\_\_  
 Signature of New Custodian/Date

Attachment C

STATE OF ALASKA  
DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

PETTY CASH FUND  
CUSTODIAN LIABILITY AGREEMENT

I, \_\_\_\_\_, the custodian of the Petty Cash Fund located at \_\_\_\_\_ in the amount of \$ \_\_\_\_\_, accept full responsibility of this fund, effective \_\_\_\_\_, and understand I am required to immediately report any shortages to the Department Finance Officer. I have read and understand the guidelines specified on the back of this form as well as the department procedures outlined in the Department Procedures Manual.

Date: \_\_\_\_\_  
Signature of Custodian

Printed Name: \_\_\_\_\_

SSN: \_\_\_\_\_

\_\_\_\_\_  
I delegate the authority and responsibility of the above petty cash fund to the custodian \_\_\_\_\_, to maintain and control the fund per AS 37.05.165, AAM 50.210.

Date: \_\_\_\_\_  
Signature of Division Director

Printed Name: \_\_\_\_\_

Attachment C (cont.)

GUIDELINES FOR MAINTAINING PETTY CASH FUND

1. Petty cash fund must be stored in a secure area such as a locked safe, vault, locked cabinet or locked box within a locked desk, etc. Funds of \$200 or more must be kept in a locked safe or vault.
2. Access to petty cash must be restricted to, and be in sole custody of the responsible custodian.
3. Shortages in petty cash funds are to be immediately reported to the Operating Finance Section.
4. The fund must be used only for small purchases.
5. Each petty cash withdrawal must be recorded on the petty cash envelope (Form 02-094), on Excel spreadsheet, or on Attachment A. Proper receipt/invoices must be maintained regardless of method used to record the purchase. Envelopes, Form 02-094, can be obtained from the regional supply office.
6. Twice each month, requests for reimbursement must be forwarded to the local fiscal office. The supporting receipts/invoices contained in the petty cash envelope must accompany the requests. The custodian must sign the envelope.
7. Each petty cash withdrawal must be supported by a paid invoice or receipt.
8. No disbursement from petty cash funds should be made for unauthorized expenditures per AAM 35.150.
9. Petty cash fund shall not be used to cash checks for employees or other persons.
10. Unannounced cash counts/audits will be made at the discretion of the Department Finance Officer.
11. On June 30 of each year, a cash count and completion of the Audit/Accountability form is required.
12. As soon as the decision is made to cancel a petty cash fund, the cash remaining and all receipts for withdrawals must be immediately given to the local fiscal office.